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**ABSTRACT**

This three-part curriculum for entrepreneurship education is primarily for postsecondary level, including four-year colleges and adult education, but it can be adapted for special groups or vocational teacher education. The emphasis of the three instructional units in Part I is understanding businesses. Unit B focuses on individual and motivational makeup of successful entrepreneurs. Intended to help the individual decide realistically if he/she should become an entrepreneur, the unit highlights motives characteristically associated with entrepreneurial behavior and identifies personal qualities/skills/characteristics deemed essential to successful entrepreneurial activity. A discussion of problem solving and decision making is included to aid in planning career goals and developing achievement-oriented goals. Material is organized into three levels of learning which progress from simple to complex concepts: Exposure, Exploration, and Preparation/Adaptation. Each level contains preassessment; teaching/learning objectives; substantive information (questions in margins guide the students' reading); activities, including a postassessment; and a self-evaluation. Definitions of important terms are found at the beginning of the unit; a bibliography and listing of sources for further information are appended. The four-page instructor's guide contains the teaching/learning objectives, teaching/learning delivery suggestions, and pre/postassessment suggested responses. (YLB)

ED199410

Research and Development Series No. 194 A-2

P A C E

A PROGRAM FOR ACQUIRING  
COMPETENCE IN ENTREPRENEURSHIP

PART I: Getting Ready to Become an Entrepreneur  
UNIT B: Are You an Entrepreneur?

The National Center for Research in Vocational Education  
The Ohio State University  
Columbus, Ohio 43210

1980

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PART I: GETTING READY TO BECOME AN ENTREPRENEUR  
UNIT B: ARE YOU AN ENTREPRENEUR?

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## FOREWORD

Traditionally vocational education has been geared primarily to preparing students for employment--to preparing employees. Yet there is another career path available; students can learn how to set up and manage their own businesses. They can become entrepreneurs.

Vocational education, by its very nature, is well suited to developing entrepreneurs. It is important that entrepreneurship education be developed and incorporated as a distinct but integral part of all vocational education program areas. A Program for Acquiring Competence in Entrepreneurship (PACE) represents a way to initiate further action in this direction.

The strength behind these instructional units is the interest and involvement of vocational educators and successful entrepreneurs in the state of Ohio and across the nation. Special recognition is extended to the project staff: Lorraine T. Furtado, Project Director and Lee Kopp, Program Associate. Appreciation is also expressed to the many who reviewed and revised the drafts of the units: Ferman Moody, Hannah Eisner, and Sandra Gurvis. We owe a special thanks to those consultants who contributed to the content of this publication: Carol Lee Bodeen, Louis G. Cross, Douglass Guikema, Peter G. Haines, Philip S. Manthey, Charles S. McDowell, Mary E. McKnight, Steven R. Miller, Barbara S. Riley, Barbara A. Rupp, Ruth Ann Snyder, Robert L. Suttle, Florence M. Wellman and Roy H. Young.

Robert E. Taylor  
Executive Director  
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## HOW TO USE PACE

A Program for Acquiring Competence in Entrepreneurship (PACE) is a curriculum responsive to the need for instruction in entrepreneurship. It is primarily for postsecondary level, including four year colleges and adult education, but it can also be adapted for special groups. PACE is divided into three parts (1) Getting Ready to Become an Entrepreneur, (2) Becoming an Entrepreneur (establishing a business), and (3) Being an Entrepreneur (operating a business).

Each of the three parts has a set of instructional units which relate to that topic. Within these units, the material is organized into three levels of learning: Exposure, Exploration, and Preparation/Adaptation. These levels of learning progress from simple to complex concepts.

The levels of learning will enable you to use the PACE materials to suit your individual needs. You may find it best to work with the exposure level of one unit and the exploration level of another. Or, you may choose to pursue one level throughout the entire series. You might also want to work through two or more levels in one unit before going on to the next unit.

Before beginning a unit, discuss with your instructor what level or levels of learning in that unit are most appropriate to your goals and abilities. Read the unit overview and look through the pre/post-assessments for the three levels to help you in your choice. Also check the list of definitions you might need to look up or research for that level.

When you are ready to start, turn to the level you have chosen, take the preassessment and identify those items which you feel need special attention in the unit. Also look at the learning objectives; they will tell you what you should be able to do by the time you finish that level of learning.

As you read, you will notice questions in the margins alongside the substantive content portion of each level. Use these questions to guide your reading.

At the end of each level of learning are activities which help you become involved with the content presented in the unit. You and your instructor can decide on how many activities you should do; you may want to do several or you may need to do all.



Then, evaluate yourself. Is there any material that you need to review before you take the postassessment? The difference in your answers on the pre/postassessments should show you how much you have grown in your knowledge of entrepreneurship.

When you and your instructor feel that you have successfully completed that level, you are ready to begin another level of learning, either in the same unit or in another.

## OVERVIEW OF THE UNIT

This unit will look at why people start working for themselves and what makes an entrepreneur successful. It is aimed at helping you answer some important questions about entrepreneurs. For example: Are entrepreneurs a special breed of individuals, or can anyone who has the desire to start their own business be a successful entrepreneur? What characteristics can be pinpointed to indicate the potential of success? How much of a gamble is starting your own business, and what risks are involved.

The focus of this unit is on the individual and motivational makeup. It highlights those motives that are characteristically associated with entrepreneurial behavior. It also identifies those personal qualities/skills/characteristics deemed essential for successful entrepreneurial activity.

A discussion of problem-solving and decision-making is included to help you to plan career goals and develop achievement-oriented goals. This unit intends to give you the tools to help you decide realistically whether you should become an entrepreneur.

# PAGE

## PATH OF STUDY

### PART I - GETTING READY TO BECOME AN ENTREPRENEUR

Unit I A



Unit I B -- Are You an Entrepreneur?

Unit I C

### PART II - BECOMING AN ENTREPRENEUR

Unit II A

Unit II B

Unit II C

Unit II D

Unit II E

Unit II F

Unit II G

### PART III - BEING AN ENTREPRENEUR

Unit III A

Unit III B

Unit III C

Unit III D

Unit III E

Unit III F

Unit III G

Unit III H



**EXPOSURE**

## EXPOSURE

## PART I, UNIT B ARE YOU AN ENTREPRENEUR?

### PREASSESSMENT

Here are some questions that test for knowledge of the content of this level. If you are very familiar with the information needed to answer them, perhaps you should go to another level or unit -- check with your instructor. Otherwise, jot down your answers. After you've read through this level, take the postassessment at the end of the "Exposure Activities" section and measure what you've learned.

1. Why would you consider starting your own business?
2. "One of the characteristics of a successful entrepreneur is willingness to assume risk." Do you agree or disagree with the quote? How does risk-taking apply to starting a business?
3. How does creativity apply to entrepreneurship? Do entrepreneurs have to be creative? Why or why not?
4. What abilities do successful entrepreneurs seem to possess?
5. What are the advantages and disadvantages of being an entrepreneur?

### TEACHING/LEARNING OBJECTIVES

Upon completion of this level of instruction you should be able to:

1. Identify reasons (motives) for starting your own business.
2. Identify characteristics and abilities of successful entrepreneurs such as creativity and decision-making.
3. Describe risk-taking as it pertains to starting a new business.
4. Describe the importance of creativity as it pertains to entrepreneurship.

SUBSTANTIVE INFORMATION

A CAREER IN ENTREPRENEURSHIP

ARE YOU  
CONSIDERING  
A CAREER IN  
ENTREPRENEURSHIP?

You think you might like to own your own business, but, you really don't know what it takes? The fact that you have a desire to learn about entrepreneurship is a good sign. One of the first steps toward owning a business is finding out what is involved in being an entrepreneur.

The opportunities to see small business in operation firsthand are all around us. The small corner grocery store is still a good example of a small business right in your own neighborhood. How long has it been in operation? Remember how many of the "mom and pop" stores were around before the advent of giant food merchandisers? The new fashion boutique that recently opened in a shopping center near you is another example of small business in our free enterprise system.

These businesses in your community are the visible ones; we see them each time we pass them. But there are some small business operations we never see unless we have a specific need for their product or service. They are owned and run by people who operate out of their garages, basements, other parts of their homes and warehouses. They include child care centers located in someone's family room or the beauty shop housed in a converted garage. An address-label manufacturer with a basement full of printing presses who sells through mail orders,

the janitorial service which stores tools in someone's residence and the home protection service are also examples of businesses not readily visible but impacting on American economy.

Businesses are begun for many and varied reasons; in fact, it would be difficult to find two entrepreneurs who began their businesses for the same reasons. Look at the entrepreneurs in the business district near you. Something motivated them to decide to go into business; it may have been one or a combination of factors.

#### Motives for Becoming an Entrepreneur

WHAT MOTIVATES  
AN INDIVIDUAL  
TO GO INTO  
BUSINESS?

Many individuals are lured into proprietorship by the desire to earn an unlimited income. Working for someone else limits potential earnings. Some believe that, by going into business, a willingness to work hard will be rewarded by earnings.

Others select entrepreneurship for the opportunity to "be their own boss." The idea of working for someone else, of being an employee, does not appeal to everyone. Many of us desire a chance to manage our lives, make decisions, and direct our economic activities. We value the freedom of being able to decide for ourselves.

Some entrepreneurs explained that they entered the field because they felt they had a unique idea that would advance



technology. They felt they had a contribution to make to society, and entrepreneurship offered them that chance.

Others felt that they just needed an opportunity to prove themselves. They felt they had grown in their profession and knew the necessary skills. Entrepreneurship would give them an opportunity to exhibit those skills.

Self-employed individuals include doctors, engineers, box manufacturers, real estate brokers, jewelers, food brokers, bakers, and shoe repairers, among others. They all have some common problems and experience similar rewards.

#### The Advantages of Becoming an Entrepreneur

#### WHAT ARE THE ADVANTAGES OF GOING INTO BUSINESS?

The most often mentioned of the many advantages of going into business is independence. The role of the entrepreneur encourages independence. The freedom "to do as one pleases" in operating the business may act as a motivator for making the decision, but is largely a fallacy. Government rules and regulations, acceptable business practices, and ethics often "control" what entrepreneurs can do.

Generally, entrepreneurs are well-respected and hold responsible positions in the community. The prestige derived from having a successful business is another advantage of being an entrepreneur.

Another advantage of being an entrepreneur is the freedom to schedule and organize one's own time. This flexibility is appealing. However, the entrepreneur is often "tied down" and

is required to meet deadlines. It is not uncommon to find the entrepreneur actually working longer hours, as well as holidays and weekends, if schedules demand. Yet having one's own business provides a chance to organize work activities which are the more compatible with personal schedules.

### THE CHARACTERISTICS OF ENTREPRENEURS

#### *WHAT ARE THE CHARACTERISTICS OF THE ENTREPRENEUR?*

What makes an entrepreneur tick? Many people have studied and written about the personal abilities and qualities successful entrepreneurs ought to possess. According to a wide variety of studies, profiles of successful entrepreneurs show that they have:

1. A sense of independence
2. A sense of self-confidence
3. Family members who are involved in their own or other small businesses
4. A willingness to take moderate risks
5. Drive, enthusiasm, and determination
6. The ability to adapt to change, setback, etc.
7. The need to achieve

You need to review the above characteristics to assess your strengths and weaknesses. Assessments One and Two in the "Activities" section of this level are exercises in self-analysis of your entrepreneurial skills. When you take these assessments, you should be open and honest about your

advantageous or detrimental traits; especially if you are seriously considering going into business for yourself.

It also might be helpful to talk to other entrepreneurs or read other studies and learn about other characteristics. Add those to the above list and consider them when assessing yourself. Especially important in deciding whether or not you are "the entrepreneurial type" is examination of two abilities that, according to studies, successful entrepreneurs also possess: creativity and ability to make decisions.

### Creativity

#### WHAT'S INVOLVED IN CREATIVITY?

Most of you have probably played the game of thinking up as many new uses for a common object as possible. A group can come up with some wild ideas for using a pencil, a brick, matches, or even a dried prune. If you are a real pro at this game, you may be exhibiting one of the characteristics of a successful entrepreneur--creativity.

Creativity is often described as the ability to combine old and new ideas into some socially useful new idea. Some of us are lucky to be born creative; however, creative ability can be developed. Assessment Three in the "Activities" section of this level is designed to test your creative potential.

To be creative, you have to be observant. You need to develop an analytical mind--the ability to look at something and ask how it can be improved. Here are a few hints that will help you develop your creative skills:

1. Get an idea--think it up and don't be afraid of it.
2. Try out the idea--if it doesn't work, try it again a different way. If it still doesn't work go back and review it.
3. Write the idea up--get it on paper so you don't forget it. With time you can refine and even improve it.

Consider the following true story:

*As Lloyd Sullins sat waiting for his wife at the supermarket, a group of boys riding skateboards on the sidewalk caught his attention.*

*He watched as they dodged around customers, trying to stop before hitting someone. By the time his wife returned, Sullins had decided something needed to be done to reduce the risk of collision.*

*This concern manifested itself in the form of a braking device, which Sullins recently patented. It allows the rider to slow down or stop in time to avoid an accident.*

*Sullins' brake consists of a spring plunger attached to a rubber block mounted at the back of the skateboard. As pressure is applied to the plunger, the block makes contact with the ground, slowing the board.*

*He intends to sell his patent rights to the highest bidder (68 companies are now bidding for the right to manufacture the brake) for a lump sum, and will not demand any royalties from the device's eventual manufacturers.*

*"If I can get out of it what I have invested (about \$1300) and save some boy's life, it'll be worth it," he says. (The Cincinnati Enquirer, April 15, 1977, p. E-7)*

Lloyd Sullins let his creativity work for him by being observant.

Decision-Making

WHY IS DECISION-  
MAKING SO  
IMPORTANT?

In addition to being creative, an entrepreneur needs skills in problem-solving and decision-making. You must master the ability to solve problems and make decisions.

Most people must make everyday decisions, such as:

What will I have for lunch or when do the bills need to be paid? However, deciding to become an entrepreneur ought to involve the same steps that are involved in making rational business decisions. The decision itself involves looking at one's life goals in terms of lifestyle and values. You must ask yourself some hard questions. What do you want out of life? How do you want to spend your leisure time? Where do you want to live? Visualize your life five years from now. Will it involve doing things you like to do? Will a family be involved? What will your finances be? What will your lifestyle be?

Other questions to consider are: Can you afford a career as an entrepreneur? How long will it be before you realize an income? Are your goals realistic? Are there any obstacles in your life now that might prevent you from achieving your goals? Do you lack certain skills? Will pursuing the goals cause any conflict in your present life? Is achieving your goals worth that conflict or sacrifice? Before you make your decision you should answer these questions. A knowledge of yourself and your abilities is vital in making the right decision.

Decision-making entails many factors and can be very complex. Making the right choice requires a continuous search for information and new knowledge and gaining wisdom from past decisions. The decision-making process is simply the ending of doubt, debate, and consideration, and coming to a conclusion about a way of thinking or a course of action that will be taken. This does not mean that decisions cannot be modified. But obviously, making decisions takes time and costs money. Having to modify too many could contribute to business failure.

Decisions can be made impulsively, without much information. We have all made decisions impulsively at one time or another. They can also be made using factual information, data gathered from research, and one's own experiences and the experience of others - most successful business decisions are made in this manner.

Making decisions involves facts, feelings, values. For example, when ordering coats for a retail establishment, one might consider cost, workmanship, and warmth. Yet, the final decision on whom to buy coats from is often based on personal feelings about the manufacturers. How you were personally treated in previous contacts with each manufacturer might be the deciding factor.

When deciding to purchase a car, you will certainly look at prices of equivalent models. Yet you may buy from the dealer asking a higher price because you have done business with the dealer before and know that the service provided is excellent. Your values enter into your decision.

The entrepreneur makes business decisions every day. This can be one of the most important, exciting and frustrating parts of running a business. They range from choosing the services and products to be purchased to deciding how business expansion can be financed. Decisions made on business questions can mean losing or gaining thousands of dollars and could make the difference between having a business succeed or fail. As an entrepreneur, you alone must make the right ones - your livelihood depends on it.

#### Risk-Taking

#### WHY TAKE RISKS?

Certainly, there is a risk in starting a new business. Any time you try something new there is the possibility of failure. So, why do so many people take a chance and start a business on their own? As mentioned earlier, one of the characteristics of a successful entrepreneur is the willingness to take some risks. As long as you are an entrepreneur, you will have to take them. Making business decisions often involves a certain element of risk. Risks can be minimized by getting the facts, evaluating the information, and using your sound judgement.

Part I, Unit B  
Are You an  
Entrepreneur?

Before you decide to go into business for yourself, the risks involved must be carefully evaluated. Becoming an entrepreneur will affect all facets of your life, including your family, career, and finances.

Likewise, the rewards to be realized must be examined. How much greater will your income be? How much more flexible will your schedule be? Will you really be able to "do what you want" or will your creativity be hampered by the local, state, and national government regulations? Risks can only be evaluated on the basis of the rewards to be gained. Therefore, the two must be considered prior to taking the big step of becoming an entrepreneur.



## EXPOSURE ACTIVITIES

As you have just read, knowing who you are is a very important part of making the decision to become an entrepreneur. Now that you have learned something about the motives, characteristics, and abilities of entrepreneurs, try these activities. They will help you become more familiar with what it takes to become an entrepreneur.

### ASSESSMENT ONE

These entrepreneurial abilities are really skills which the entrepreneur must possess. These skills ought to be considered in self-examination. When you complete your self-examination you will need to outline a program you will follow to increase your competence.

<u>Abilities</u>	<u>A Personal Strength</u>	<u>A Personal Weakness</u>
1. Organizing ability	_____	_____
2. Problem-solving ability	_____	_____
3. Decision-making ability	_____	_____
4. Human relations ability	_____	_____
5. Communications ability	_____	_____
6. Technical knowledge	_____	_____
7. Creativity	_____	_____

ASSESSMENT TWO

Answer the following questions. Under each question, check the answer that says what you feel or comes closest to it. Be honest with yourself.

Are you a self-starter?

- ☒ ( ) I do things on my own. Nobody has to tell me to get going.
- ( ) If someone gets me started, I keep going.
- ( ) I don't put myself out until I have to.

How do you feel about other people?

- ( ) I like people. I can get along with just about anybody.
- ( ) I have plenty of friends--I don't need anybody else.
- ( ) Most people bother me.

Can you lead others?

- ( ) I can get most people to go along when I start something.
- ( ) I can give the orders if someone tells me what should be done.
- ( ) I let someone else get things moving. Then I go along if I feel like it.

Can you take responsibility?

- ☐ I like to take charge of things and see them through.
- ☐ I'll take over if I have to, but I'd rather let someone else be responsible.
- ☐ There are always some eager individuals around wanting to show how smart they are. I say let them.

How good an organizer are you?

- ☐ I like to have a plan before I start. I'm usually the one to get things lined up when something needs to be done.
- ☐ I do all right unless things start going wrong. Then I walk away.
- ☐ Anytime I'd ever planned anything, something came along and ruined it. So I just take things as they come.

How good a worker are you?

- ☐ I can keep going as long as I need to. I don't mind working hard for something I want.
- ☐ I'll work hard for a while, but when I've had enough, that's it.
- ☐ I can't see that hard work gets you anywhere.

Can you make decisions?

- ( ) I can make up my mind in a hurry if I have to. It usually turns out all right, too.
- ( ) I can if I have plenty of time. If I have to make up my mind fast, I always worry if I made the wrong decision.
- ( ) I don't like to be the one who has to decide things. My decision would probably be bad.

Can people trust what you say?

- ( ) Yes they can. I don't say things I don't mean.
- ( ) I try to be on the level most of the time, but sometimes I just say what's easiest.
- ( ) What's the problem if the other person doesn't know the difference?

Can you stick with it?

- ( ) If I make up my mind to do something, I don't let anything stop me.
- ( ) I usually finish what I start--if it doesn't go wrong.
- ( ) If things don't go right immediately, I forget it. Why waste the effort?

How good is your health?

- ( ) I never run down!
- ( ) I have enough energy for most things I want to do.
- ( ) I run out of energy sooner than most of my friends.

How did you do? Count the check marks you made.

How many checks are there beside the *first* answer to each question? \_\_\_\_\_

How many checks are there beside the *second* answer to each question? \_\_\_\_\_

How many checks are there beside the *third* answer to each question? \_\_\_\_\_

If most of your checks are beside the first answers, you probably have what it takes to run a business. If not, you're likely to have more trouble than you can handle by yourself.

Better find a partner who is strong on the points you're weak on. If many checks are beside the third answer, not even a good partner will be able to support you. (Adapted from SBA

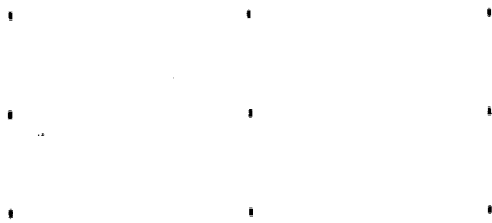
Starting and Managing Series No. 1, 1973 p. 4-5.)

### ASSESSMENT THREE

How creative are you? Remember, the key is knowing yourself and being honest.

Part I, Unit B  
Are You an  
Entrepreneur?

Copy the nine dots. Try to connect them using four straight lines. Do not lift your pencil. See next page for solution.



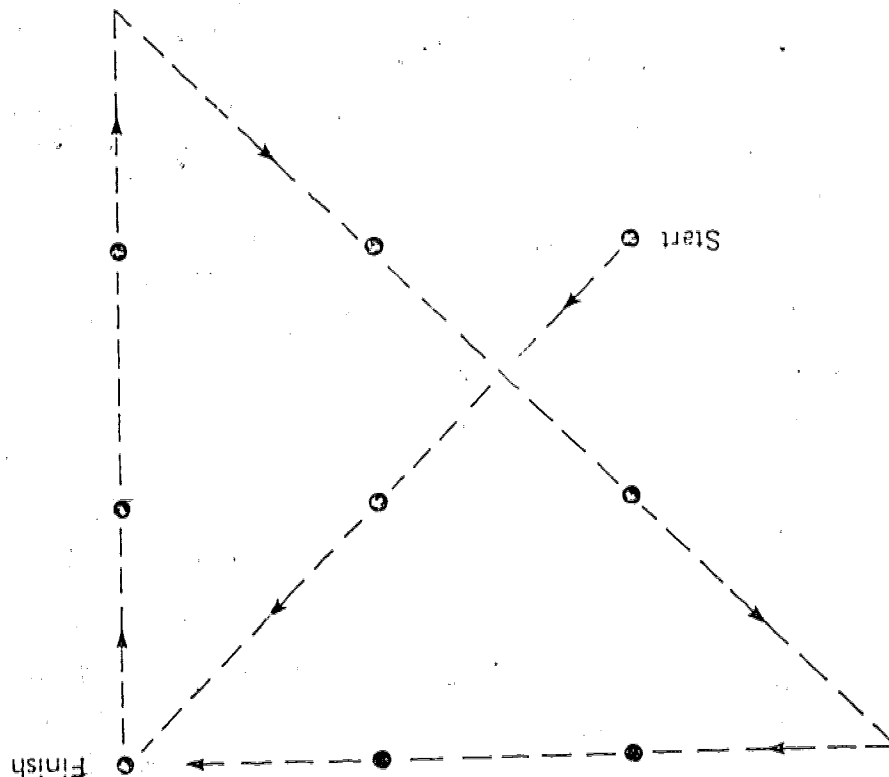
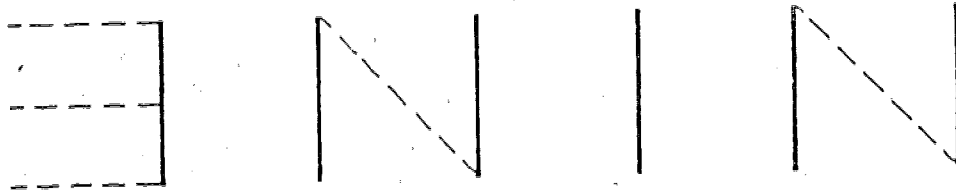
Now try this one. Here are six equally spaced lines. Can you add five more lines and get nine? See next page for solution.



Part I, Unit B  
Are You an  
Entrepreneur?

How did you do on these? Turn the page upside down and  
find out how "creative" you have been.

Solutions:



Do you think you are a creative person? Why or why not?  
If you don't believe you are creative, what do you plan to do  
about it?

ASSESSMENT FOUR

1. "An entrepreneur has to wear a lot of hats." This means that even though we live in an age of specialization, it seems that the small business owner has to do a lot of different tasks. The following is list of the "hats." Check those you'll have to wear and circle the check of any you think you may not be able to handle yourself.

If you circled any, think about how you are going to improve your abilities in that area. Remember, there is no way you can be an expert in every area. You may need to call outside consultants for help from time to time.

<input type="checkbox"/> Financier	<input type="checkbox"/> Stock Clerk
<input type="checkbox"/> Insurance Manager	<input type="checkbox"/> Warehouse
<input type="checkbox"/> Shipper	<input type="checkbox"/> Driver
<input type="checkbox"/> Advertising Copywriter	<input type="checkbox"/> Artist
<input type="checkbox"/> Engineer	<input type="checkbox"/> Sign Painter
<input type="checkbox"/> Public Relations Agent	<input type="checkbox"/> Electrician
<input type="checkbox"/> Designer	<input type="checkbox"/> Salesperson
<input type="checkbox"/> Architect	<input type="checkbox"/> Ombudsperson
<input type="checkbox"/> Display Artisan	<input type="checkbox"/> Editor
<input type="checkbox"/> Personnel Manager	<input type="checkbox"/> Maintenance Engineer
<input type="checkbox"/> Wage Clerk	<input type="checkbox"/> Supervisor
<input type="checkbox"/> Accountant	<input type="checkbox"/> Manager
<input type="checkbox"/> File Clerk	<input type="checkbox"/> Superintendent
<input type="checkbox"/> Teacher	<input type="checkbox"/> Tax Expert
<input type="checkbox"/> Bookkeeper	<input type="checkbox"/> Analyst
<input type="checkbox"/> Mechanic	<input type="checkbox"/> Economist
<input type="checkbox"/> Secretary	<input type="checkbox"/> Inventor
<input type="checkbox"/> Groundskeeper	<input type="checkbox"/> Travel Clerk
<input type="checkbox"/> Motor Pool Officer	<input type="checkbox"/> Writer
<input type="checkbox"/> Showperson	<input type="checkbox"/> Police Officer
<input type="checkbox"/> Billing Clerk	<input type="checkbox"/> Custodian

(Adapted from SBA Workshop Materials)



2. Make arrangements for a member of the Small Business Administration staff, Chamber of Commerce member, or an entrepreneur in your community to talk to your group on business ownership. Ask the speaker to tell you about the local opportunities available for small businesses.

POSTASSESSMENT

1. Discuss three reasons why you are considering starting your own business.
2. "One of the characteristics of a successful entrepreneur is the willingness to assume risk." Do you agree or disagree with the quote? Describe risk-taking as it pertains to starting a business.
3. Define creativity as it pertains to entrepreneurship. Do entrepreneurs have to be creative? Why? Why not?
4. Name and discuss three abilities successful entrepreneurs seem to possess.
5. Identify two advantages of becoming an entrepreneur. Are there any disadvantages?

Compare your answers to your responses to the preassessment. You may want to check your postassessment answers with your instructor.

### SELF-EVALUATION

How well did you know the information needed to complete the activities?

- ☐ Very well
- ☐ Fairly well
- ☐ A little

Be honest with yourself. If you feel you need to review the information, you ought to do so before beginning new material.



# **EXPLORATION**

## EXPLORATION

## PART I, UNIT B ARE YOU AN ENTREPRENEUR?

### PREASSESSMENT

Here are some questions that test for knowledge of the contents of this level. If you are very familiar with the information needed to answer them, perhaps you should go to another level or unit -- check with your instructor. Otherwise, jot down your answers. After you've read through this level, take the postassessment at the end of the "Exploration Activities" section and measure what you've learned.

1. What are the advantages and disadvantages of being an employee?
2. What are the advantages and disadvantages of being self-employed?
3. What does decision-making involve? How does one go about making decisions?
4. What characteristics do successful entrepreneurs seem to possess?
5. It is often felt that successful entrepreneurs possess certain traits -- including the need for both achievement and independence -- that others don't. Research has borne this out. Do you agree with this concept? Why?

### TEACHING/LEARNING OBJECTIVES

Upon completion of this level, you should be able to:

1. Identify and compare the advantages and disadvantages of being an employee vs. being self-employed and an employer.
2. Identify some of the personality characteristics of successful entrepreneurs.
3. Explain the skills involved in creativity, problem-solving and decision-making.

SUBSTANTIVE INFORMATION

DECIDING TO BE AN EMPLOYEE OR AN EMPLOYER

EMPLOYEE  
OR  
EMPLOYER?

You may have decided by now that going into business for yourself might be a possible career choice. It's presumed that you have much more to learn before taking the big step - becoming an entrepreneur. The first step is to find out as much as you can about entrepreneurship. You could begin by looking around your neighborhood and assessing the successful and not-so-successful businesses. You might ask how long they have been in operation. Do they seem to be doing well? Are they making a profit or are they just hanging on?

Typically, the successful entrepreneur has had successful work experience in previous employment. Also, the person going into any business must know about that business. For instance, the person going into landscaping should have a fairly good knowledge of seeding, watering, cutting, and light requirements for different types of beddings.

What kind of business would you like to own? What type of a person do you think you are? Do you believe you possess some special qualities or knowledge that will make your business venture a success? What are your reasons for wanting to go into business?

To work for someone else or not? To become self-employed or not? Examining some of the advantages and disadvantages of both sides of the issue will help you in your career decision.

The Employee's Advantages

DO YOU WANT  
TO BE AN  
EMPLOYEE?

There are some advantages to being employed for a salary. For one thing, it is generally safer to be a salaried employee. As an employee you would probably have no personal financial responsibility or risk. If the business incurs debts, you won't lose your personal savings because you are not responsible for the debts. You would be if you were a sole proprietor or a business partner.

Many employees put in regular hours and are paid overtime if extra work time is required. Not all employees, of course, work regular hours; many put in time over and beyond the job's working hours. However, employees are guaranteed vacation time and fringe benefits, such as life insurance and health plans. Generally speaking, they can count on a somewhat stable lifestyle since they have a fairly accurate idea of what their income will be from year to year.

There is a certain satisfaction in working for a successful business organization. Many people point with pride to the fact that they work for Goodyear or Xerox or Lockheed. Working for large, successful organizations definitely does fulfill certain needs.

The Employee's Disadvantages

WHAT ARE AN  
EMPLOYEE'S  
DISADVANTAGES?

There are also a number of disadvantages to being a salaried employee. Advances in salary may eventually be limited. By the time many individuals reach the middle of their careers, they

are at the top of the salary scale. In some career areas, older, more experienced, higher paid employees may be released during periods of economic recession while younger, "less expensive" employees are hired. Recently, top management personnel in the aerospace industry were relieved of their jobs because the industry faced a major recession. In industries governed by union contracts, all the low seniority employees may be released during an economic recession when there simply is not enough work. Oftentimes companies relocate and require employees to make job transfers. Mandatory retirement is also something to consider.

#### Self-Employment Disadvantages

DO YOU WANT  
TO BE SELF-  
EMPLOYED?

Talk to the entrepreneurs in your community and they can easily tell you some of the disadvantages of self-employment. The risk involved in owning a business may cause real headaches. Economic failure is, of course, the biggest risk of all and the greatest disadvantage of self-employment. Being "beaten out" by competition is another factor to consider. Compliance with government regulations and standard business practices, working longer (unpaid) hours, and the generally large amount of capital required to start a business are other possible disadvantages.

#### Self-Employment Advantages

WHAT ARE SELF-  
EMPLOYMENT AD-  
VANTAGES?

Self-employment has many advantages. Money is an overwhelming reason why people start their own business. There is very often a chance to make a profit in addition to a reasonable



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salary. Once the business has been successfully established, there is certainly some financial security. In fact, statistics show that the lifetime earnings of employees are less than the lifetime earnings of successful entrepreneurs.

Independence is another advantage of self-employment.

Persons who own and operate their own businesses can practically do whatever they want. They can gamble, experiment with ideas, and let the creative juices flow. Many small business owners will tell you the pride of owning a successful enterprise means more to them than anything else.

Many entrepreneurs say increased job satisfaction is another reward of self-employment. Newspapers and magazine articles about people who have started their own businesses during their mid-career years appear almost daily. Often these changes have been really radical (for example, from manager of the trucking division of a very large firm to owning a small tortilla factory).

It is a statistically proven that large numbers of women are returning to work after their children have completed school. Many of these women are becoming entrepreneurs. Some have become partners in various specialty shops, home catering companies, and accounting services. Others have become successful "seasonal entrepreneurs." Claudia Jessup and Genie Chipps, authors of The Woman's Guide to Starting A Business, published by Holt, Rinehart and Winston, discuss some advantages of being a seasonal business owner:

*A seasonal business can be anything that thrives during a particular season and then goes into hibernation or low gear the rest of the year. Seasonal enterprise is indigenous to summer or winter resort areas, but there are many other non-resort businesses that lend themselves to this concept. Seasonal businesses can also be tailored to fit around the hours of another job--or the demands of a growing family. Some people are able to live wholly off their seasonal profits; others are content to earn a valuable supplementary income. (Family Circle, February 3, 1978, p. 48)*

### Motives and Advantages

#### WHAT ARE YOUR MOTIVES?

Your reasons or motives for going into business reflect a great deal about you. You really need to get to know as much about yourself as possible. You need to ask yourself, "How do the advantages of going into business fit into my value system?"

Being an independent person is an advantage in business. You need to determine if you can act independently. Can you cite examples of instances in the past when you have done this? Being independent sounds great, but when it comes right down to it, could you make a big decision on your own and live with it? You would need to do so again and again, over a long period of time. As an entrepreneur, you will be making more than one crucial decision. When applicable, you will have assistance from your staff, and at times you may even pay for professional assistance (from an attorney, for example). But you will be the one who will make the final decision.

Becoming an entrepreneur presents many challenges covering all aspects of the business operation and ranging from technical know-how, to public relations, to increasing employee productivity.

Challenges will surface daily, weekly, monthly, as long as you remain in business. Do you have the strength and knowledge to meet these challenges?

The prestige of being an entrepreneur is often cited as an advantage. Will being an entrepreneur require you to change your behavior? You will be admired by many because you had the fortitude to go into business. How will you deal with that prestige? How do you perceive your role as an entrepreneur? What abilities or characteristics should you possess?

#### CHARACTERISTICS AND ABILITIES OF ENTREPRENEURS

WHAT DO YOU  
NEED TO BE  
AN  
ENTREPRENEUR?

If we cite all the research studies that have been conducted to determine the "personal qualities," and "personal traits," needed to be a successful business owner, we would have to devote several units to the subject. But a brief glance into some of these characteristics and abilities is certainly appropriate. Do you have any idea of what type of persons become successful entrepreneurs?

A survey of entrepreneurs resulted in the following advice for success as an entrepreneur:

- . Be aggressive.
- . Be competitive.
- . Be goal-oriented.
- . Be confident.
- . Be egocentric.

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- . Make decisions.
- . Be an achiever very early in life.
- . Be a loner in your final decisions.
- . Put family and friends second to business.
- . Be an opportunist.
- . Do not be security-oriented.
- . Be persistent.
- . Have determination.
- . Be an optimist (to extremes).
- . Have desire to achieve.
- . Be hyperactive mentally.
- . Be a dreamer.
- . Be a calculated risk-taker.
- . Want power.
- . Learn from previous mistakes.
- . Be a perfectionist.
- . Be intuitive.

The entrepreneurs on the advisory panel for PACE included on their list of "personal traits" such terms as drive, self-confidence, risk-taking (even gambling), ability to think ahead, communications skills, and human relations abilities. According to the literature on entrepreneurs and our unofficial survey, entrepreneurs tend to have the following abilities:

- . Organizing
- . Problem-solving
- . Decision-making
- . Human relations
- . Communication
- . Technical knowledge
- . Creative abilities.

Do most entrepreneurs possess all of these characteristics? Probably not. But such lists do point out that perhaps "average" persons are not the entrepreneurial type. Successful entrepreneurs must possess something special. While probably no one individual would ever have all these traits, each successful entrepreneur most likely brings a unique mix of special abilities and traits to the business. However, we should not assume that entrepreneurial success is predicted by identifying a given set of characteristics or abilities. As we try to develop a profile of the successful business owner, let's not overlook the total person too quickly. Remember, it is a combination of personality and ability that distinguishes an entrepreneur. We must also keep in mind that many of these "traits" and "characteristics" identify not only entrepreneurs, but successful people in any field. The following success story describes how one man used a combination of abilities to create a booming business:

Six years ago George Ballas got so frustrated trying to keep his lawn neatly trimmed around the gnarled roots of two big oak trees that he stormed to the trash bin with an idea in mind.

It never occurred to him he was about to launch the George Ballas success story.

From the trash bin he retrieved a discarded popcorn can, punched holes in it and threaded the holes with the nylon fish line. Then he removed a blade from his lawn edger, bolted the popcorn can contraption to the long handle, and started it.

"It made a hellava noise, but it ripped up the turf and tore away the grass where it came in contact with the tree roots, which is what I wanted to accomplish," Ballas said in an interview.

Ballas later named his device the "Weed Eater" and claims his was the first practical device that eliminated the back-breaking work of handcutting weeds and overgrown grass around all those pesty places such as fences, stones and tree roots.

That was in 1971. By 1972, Ballas and a machinist friend had ironed out most of the kinks. That popcorn can with the nylon fish line sticking out made Ballas a very rich man.

In 1972, net sales of Weed Eaters, Inc. were \$568,000. By 1974, they were \$7,791,000. In 1975, they reached \$16,305,000. In 1976, they skyrocketed to \$41 million, according to audited statements. Early orders for this year have reached \$54 million with projected sales expected to approach \$80 million, Ballas said.

There are now 20 or so similar devices on the market. But Ballas' Weed Eaters, Inc. is riding the crest of string trimmer sales and seven models, excellent distribution outlets, and a \$10 million advertising program this year. (The Los Angeles Times, February 11, 1977, p. B-4) Reprinted from The Los Angeles Times.

Need For Achievement

WHAT IS ACHIEVEMENT  
MOTIVATION?

The basic ingredient required for individuals starting their own business appears to be a high personal need for achievement. They have a strong desire for things to happen; they thrive on creative challenges. Such persons are highly motivated; they like to do well, to excel. Psychologists who have studied achievement motivation have found that the thoughts of persons with a high need for achievement are characterized by one or more of the following standards of excellence:

1. Competition with self-imposed standards
2. Competition with others
3. Unique accomplishment
4. Long-term involvement.

Persons with a high need for achievement also want to take responsibility for successes or failures, prefer to take moderate risks, and like situations that provide immediate feedback on how well they are doing. They are motivated by a deep sense of personal achievement rather than by recognition from others.

While high need for achievement or the lack of it seems to be one indicator of success or failure for the entrepreneur, we must be careful in drawing such conclusions. If someone has a high need for achievement and starts a business, the business may or may not be successful.

Need For Independence

HOW INDEPENDENT  
ARE YOU?

Many entrepreneurs are independent and have a low need for colleague support. The need for "a pat on the back," and management inspiration might be factors that prevent some individuals from leaving a corporation and striking out on their own. In a study published by Psychology Today the investigators asked entrepreneurs what it would take to get them to be a manager or an employee in another company. The majority (almost 60%) stated that they would not even consider it. Almost 30% set up totally unrealistic conditions such as a 300% increase in salary and complete, total independence. Seventy-two percent of the entrepreneurs indicated that even if they lost their own companies, they would promptly start a new business.

Creativity

HOW CREATIVE  
ARE YOU?

Creativity and innovation are also part of what makes an entrepreneur tick. Beginning a new business is a creative act. Creativity enters into every phase of setting up, planning goals for, marketing products and maintaining a business. Every day you can read about "creative" people who have become entrepreneurs. Here is an idea that has proven to be very profitable.



Having a creative imagination is not the sacred possession or birthright of a few select people. This talent is available to anyone who wants to take the risks necessary to see ideas produced.

### The Decision-Making Process

Once the decision is made to become an entrepreneur, there are still many problems to be solved, such as:

#### WHAT'S INVOLVED IN DECISION- MAKING?

- . What will the business be?
- . Where should I start the business?
- . How much money will I need to get the business going?
- . Where will I get the money?
- . What form of organization is best for the kind of business I want?

These are not questions that have simple black or white, right or wrong answers. Values as well as facts will enter into your decision to start a business. This is why you have been looking at some of the advantages and disadvantages of being your own boss. Informed decision-making should help you reach your life goals but requires skill in the decision-making process. The final decisions are up to you, but here are some problem-solving steps that may help. Decision-makers should:

1. Identify the problem.
2. Clarify and define the problem.

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3. Identify alternative solutions. (Brainstorm these. Don't evaluate yet.)
4. Collect information on the alternative strategies.
5. Evaluate the advantages and disadvantages of the alternatives.
6. Choose the best alternative. This may not be the perfect solution, but at least it seems to be the best.
7. Decide how to implement the alternative and take action.
8. Decide how to evaluate the results. How will you know when you have reached your goal?

As mentioned earlier, there are certain risks and rewards involved in the decision to go into business. At this point, it is imperative that you begin to identify those risks. Can you list them? Can you do the same with the rewards to be gained? How would owning your own business affect your everyday life, your family, your work schedule, your obligations and commitments to church and community? Are you willing to take the risk of becoming an entrepreneur?

## EXPLORATION ACTIVITIES

Do you feel knowledgeable enough about what it takes to become an entrepreneur? Will you be able to put some of the skills into practice? The following activities will help you experience some of the real-life situations of entrepreneurs. After completing the activities, do a self-evaluation to check your understanding of the material.

### ASSESSMENT ONE

1. Prepare a paper of about three pages telling why you want to be an entrepreneur. Consider your strengths and weaknesses. Do you believe you will be successful? Why?
2. Attempt to locate and meet with someone in your community who has invented something. Ask the person to explain how the invention was developed. Some of the questions you might ask are: Did the invention come about because of a hobby, or was it developed as part of your work? What does it take to be a successful inventor? Was the invention an accident? Did you start by identifying what you wanted to discover, (e.g., a more cost effective way of prepackaging tomatoes in supermarkets)?

### ASSESSMENT TWO

If you haven't already done so, answer the questions in Assessment Two in the "Exposure Activities" section of this unit.

### ASSESSMENT THREE

This a group activity designed to help you reinforce what you know about the characteristics of entrepreneurs. Perhaps you may even become aware of additional personal qualities of successful entrepreneurs.

1. Individually prepare a checklist of the personal characteristics you believe successful entrepreneurs possess. List them in priority order--the most important first. Get together in small groups, 3-4 persons per group.
2. Appoint a chairperson. With your individual checklists from 1 above, try to come to some agreement as to those characteristics you all feel successful entrepreneurs should possess. Be sure to put the characteristics in priority order. You probably won't get everyone in your group to agree, but try for a majority consensus.
3. Individually visit three local entrepreneurs working in your area of interest with your personal characteristic list. Ask each businessperson to react to your individual list and the group's list. Have each entrepreneur add any characteristics that are not on your lists and eliminate those they believe are not important. Have them rank the characteristics in order of importance.

4. Write a report on what you discovered. Did the entrepreneurs agree with your individual list? Your group's list? On which characteristics did they all agree? If there were differences between what you and the entrepreneurs regarded as the personal characteristics for success, try to explain why these differences exist.
5. Meet with your group to discuss each member's report. Were there any characteristics identified by all--groups, individual group members and entrepreneurs? Do you believe there is any relationship between types of business and characteristics identified (for example, an entrepreneur of a landscaping firm identifies creativity and a swimming pool cleaning service owner does not)?

#### POSTASSESSMENT

1. Identify and discuss two advantages and two disadvantages of being an employee.
2. Identify and discuss two disadvantages and advantages of being self-employed.
3. Explain what decision-making involves. Identify at least four steps in the decision-making process.
4. Name and discuss three characteristics successful entrepreneurs seem to possess.

5. It is often felt that successful entrepreneurs possess certain traits -- including the need for both achievement and independence -- that others don't. Studies have borne this out. Discuss this concept. Do you agree? Explain in detail.

Compare your answers to your responses to the pre-assessment. You may want to check your postassessment answers with your instructor.

#### SELF-EVALUATION

How well did you know the information needed to do the activities?

( ) Very well

( ) Fairly well

( ) A little

Be honest with yourself. If you feel you don't know the material well enough, it might be helpful to review this section before going on.



# **PREPARATION/ ADAPTATION**





## PREPARATION/ADAPTATION

## PART I, UNIT B ARE YOU AN ENTREPRENEUR?

### PREASSESSMENT

Here are some questions that test for knowledge of the content of this level. If you are very familiar with the information needed to answer them, perhaps you should go to another level or unit -- check with your instructor. Otherwise, jot down your answers. After you've read through this level, take the postassessment at the end of the "Preparation/Adaptation Activities" section and measure what you've learned.

1. What are the disadvantages and advantages of an entrepreneurial career?
2. If you were called upon to make a business decision, how much influence would your personal values have? Discuss in detail.
3. What steps might be followed in making decisions?
4. What abilities do successful entrepreneurs seem to require?
5. What personal characteristics do entrepreneurs seem to possess?

### TEACHING/LEARNING OBJECTIVIES

Upon completion of this level of instruction you  
should be able to:

1. Describe advantages and disadvantages of entrepreneurship.
2. Identify personality characteristics of successful entrepreneurs, including high need for achievement and moderate risk-taking.
3. Describe abilities of successful entrepreneurs including creativity and problem-solving/decision-making.
4. Describe how your personal values influence decision making.

## SUBSTANTIVE INFORMATION

### DECIDING TO GO INTO BUSINESS

#### WHY BEGIN A BUSINESS?

Why do you want to go into business? You probably have more than one reason. As you investigate the possibility of becoming an entrepreneur, you should take some time to talk with people who have started their own businesses. Ask them why they decided to start a manufacturing company, franchise a gas station, or open a management consulting service.

Most entrepreneurs will probably say they went into business to make money. That is a central objective of any business. Staying in business requires making a profit; profit-making is the heart of our economic system.

### Advantages of Being Your Own Boss

#### WHAT ARE SOME OF THE ADVANTAGES OF BEING YOUR

#### BOSS?

As an entrepreneur, your chances for making more money are better than if you were working for someone else. You are receiving a portion of the profits as well as a salary.

*"It's the best of all possible worlds," says Timmie Mason, co-owner of the Happy Cookers, a catering service in Greenwich, Connecticut. "Since 70% of our business is seasonal, I earn money doing what I love, cooking, and I only work during the two peak party seasons, December and summer. The rest of the year I spend my time skiing and traveling!" (Family Circle, February 3, 1978, p. 48) Claudia Jessup and Genie Chipps are authors of The Woman's Guide to Starting A Business, Holt, Rinehart and Winston, Publishers.*

In addition, many people cite the following advantages when explaining why they went into business:

1. To be independent--to be your own boss.
2. To prove your ability to yourself or others.
3. To get out of a "rut."
4. To have a job. Recent cutbacks in many large businesses, such as the aerospace industry, have motivated employees to start their own businesses.
5. To advance technology or to promote a social cause.

#### Disadvantages of Being Your Own Boss

*WHAT ARE SOME  
OF THE PROBLEMS  
BEING YOUR OWN  
BOSS?*

There are also disadvantages and problems in starting your own business. By initially recognizing the following potential problems, you can begin to find solutions. Find out how other entrepreneurs have approached them. What other difficulties have they encountered? What sources of help have proven to be satisfactory? Read, talk to people, join relevant organizations and seek help before the real problems arise.

#### Lifestyle

While working hard for that business which will become a success, you may find that initially you have to take a cut in pay, work longer hours than you ever have before, and give up vacations and fringe benefits. When you start a business, you are in an insecure position.

### Too Much Independence

Entrepreneurs are independent, but not many entrepreneurs can solve all business problems related to technology, record keeping, legal issues, etc. Sources of help for the business person exist and it is not a disgrace to seek help in those areas in which you lack the expertise necessary to make the right decisions.

### Inexperience

Many a horror story is told about the enthusiastic entrepreneur who finds out too late about Internal Revenue Service regulations or licensing requirements. Another characteristic of successful entrepreneurs is that they have been successful employees in the field in which they are starting a business. As in the area of "too much independence," it does not hurt to seek expert advice if you lack experience.

### Family Problems

If you decide to become an owner of a business and are a family person, you need to recognize that establishing and managing a business will require an extensive amount of your time. Do you know how your spouse will react to this? Will you be able to spend the amount of time you would like with your family? Will you have their support?

As a prospective entrepreneur, recognize that you will be the most important employee in your company. This is why knowing yourself, your capabilities and what makes you tick is so important. You need to make the decision whether or not you should start a small business as carefully as you might later choose an employee.

### PERSONAL CHARACTERISTICS OF ENTREPRENEURS

#### *WHAT ARE THE CHARACTERISTICS OF ENTREPRENEURS?*

There have been many studies conducted on the characteristics, motives, and traits of the successful entrepreneur. Below are some characteristics common among many business people.

#### Need for Achievement

#### *HOW IMPORTANT IS THE NEED FOR ACHIEVEMENT?*

Successful entrepreneurs have consistently been identified as having a high need for achievement and independence and relatively low needs for support or affiliation. An achievement goal involves excellence and includes (1) competition with the person's own standards, (2) competition with others, (3) a unique accomplishment, and (4) long-term involvement. While continually seeking success, the goal-oriented entrepreneur makes every moment count toward achieving goals. The person with high need for achievement can be characterized as restless, energetic, and striving individual who seeks and enjoys challenge. For this person, life is a reasonable adventure.

Does a high need for achievement fit your image of yourself? Are you comfortable with it? How does it translate into your everyday actions? Does the need conflict with other personal values, such as requiring the support and cooperation of others or spending time away from your family because of your business? Overall, would you describe yourself as a person who is highly motivated? Assessment One under "Preparation/Adaptation Activities" in this level may help answer these questions.

#### Assuming Risk Responsibilities

WHAT IS YOUR  
ATTITUDE TOWARD  
RISK?

Persons with high achievement motivation are often described as moderate risk takers. All entrepreneurs must be willing to take moderate risks. Are you a moderate risk taker? Are you a gambler? Assessment Two in the "Preparation/Adaptation Activities" section of this level will help indicate whether you are a gambler or a moderate risk-taker. Gamblers fight against forces which they cannot control and ignore reality. Moderate risk-takers (i.e., most successful entrepreneurs) evaluate the risks involved; they safeguard against heavy losses, and seek immediate feedback to know exactly how they are performing. Moderate risk-takers are generally aware of the realities of a situation.

Consider the following list of characteristics of risk-takers. The questions will help you examine your own life in view of conditions that affect a person's tendency to take risks.

1. Are you independent? Independence contributes to greater risk-taking.
2. How old are you? Younger people tend to take greater risks.
3. Do you need the security of a steady job? Income? "Middle class" security prevents individuals from risk-taking.
4. Do you have a high need for affiliation (i.e., family relationships)? A higher need for affiliation may mean a lower level of risk-taking capacity.
5. How confident are you? Research studies have shown that young people are significantly more confident than older people. Those higher in confidence are more likely to take a risk.
6. Do you have a high need to achieve? Persons with a high need for achievement tend to take calculated and moderate risks.



ENTREPRENEURSHIP ABILITIES

WHAT ABILITIES  
DO ENTREPRENEURS  
HAVE?

Official studies, as well as our own survey of entrepreneurs, indicate that entrepreneurs tend to have the following abilities:

- . Organizing abilities
- . Problem-solving abilities
- . Decision-making abilities
- . Human relations abilities
- . Communications abilities
- . Technical knowledge
- . Creative abilities
- . Physical skill performance.

These abilities may be grouped as follows:

AFFECTIVE .	COGNITIVE	MANIPULATIVE
Human relations ability	Organizing ability	Physical skill ability
Communications ability	Problem-solving ability	
Crative ability	Decision-making ability	
	Technical know-ledge	

It is difficult to determine how much of any ability is used in any given business operation. It is easier to ascertain how much will be needed for the beginning entrepreneur to be moderately successful. The size and scope of the entrepreneurial activity will greatly affect the amount of the ability required. If you are opening a candle factory, it would seem necessary that you possess a great deal of technical knowledge. But if you are setting up a laundromat, knowing how the washers and dryers are made is not essential. A chat with other business people in the same kind of operation you anticipate beginning may give you insights into the extent to which you will need the abilities listed above. Regardless of your business interest, creativity, problem-solving and decision-making skills are required.

#### Creativity/Innovation

#### *CAN A PERSON BECOME CREATIVE?*

Creativity has been defined as the ability to make new combinations of social worth. Creativity and innovation go hand-in-hand with entrepreneurship. Starting and maintaining a business requires creativity, as do all aspects of planning its goals, marketing and providing services. We are all born with creative abilities -- some people have more than others. It can also be developed; with hard work and persistence you can see your ideas become realities.

Almost every daily newspaper in America contains accounts of "creative" people who have become entrepreneurs. Below is an example of someone who really did develop innovative ideas through hard work.

*If you are an eighth grade dropout, a \$5-an-hour assembly line worker, and a widow with a family to raise, what do you do?*

*Pansy Essman was in that predicament, spent her last dollar on a dream and turned it into a \$1 million-a-year manufacturing business.*

*Her dream was a new bath aid for babies. Ms. Essman dreamed about a pillow-like piece of sponge that conformed to a baby's body and supported the child when it was in the tub. The pillow enabled mothers to free both hands when working with the baby.*

*"Manufacturing is not the typical women's business," she said, "but there's great opportunity in it for them if they can surmount the obstacles."*

*Among her obstacles were suppliers who refused to believe she was serious even though she had the money to pay for the materials.*

*"I couldn't get anyone to service my company with the raw materials we needed," she said. "Finally, there was one salesman who took me seriously. If it weren't for him, we would never have made it."*

*At first, Ms. Essman tested her products in local stores in Northern California. As she suspected, they sold quickly. Still, she needed national distribution. Local sales alone were not enough to keep her doors open and meet her payroll.*

*So she took her last dollar and a sample of her products and went to a trade show in New York. Within a matter of hours, she had five national distributors for her products.... (The Los Angeles Times, July 31, 1977, Part VIII, p. 1) Reprinted from The Los Angeles Times.*

If you wish to foster creativity in your business, you may want to consider the following characteristics:

Individual Attributes:

1. Curiosity - inquisitiveness
2. Flexibility - openness of mind
3. Sensitivity - receptiveness
4. Motivation - a restless urge to acquire knowledge
5. Positive human relationships
6. Capacity for team work
7. Intellectual discipline
8. Complexity - ability to entertain two seemingly conflicting ideas
9. High need for achievement
10. Tolerance for ambiguity
11. Persistence in the face of failure
12. Individuality

Environmental Factors:

1. Freedom to work, think, express, absence of pressure to conform
2. Less emphasis on rules and regulations, flexible interpretation, nonauthoritarian attitude
3. Tolerant attitude about mistakes
4. Reward for innovations -- giving credit to creative persons handiwork
5. Use of innovations

6. No impulsive evaluation - deferment of judgment
7. Sympathetic regard for findings even if they are not immediately useful
8. Satisfaction of needs
9. Challenging job situations.
10. Use of ideas from everywhere.

After reading the above lists do you have an idea of your creative potential? Are you bound by conventional ways of thinking? Do you form existing ideas into new combinations? You may wish to try Assessment Three (No. 1) in the "Preparation/Adaptation Activities" section of this level to obtain a measure of your creativity.

#### Decision-Making/Problem-Solving

#### *WHAT'S INVOLVED IN DECISION- MAKING?*

Solving problems and making decisions are two other abilities related to success as an entrepreneur. We are probably not born with these skills, but they can definitely be developed.

Right now you are faced with one of the most important decisions of your lifetime. Should you start a business? Should you become an entrepreneur?

You have already begun to identify what is needed to be personally successful in business. You have also given some thought to how well you measure up.

It is important too, that you begin to identify why you want to go into business. You need to understand your motives and values in making the appropriate decision.

### Steps In Decision-Making

#### WHAT ARE THE DECISION- MAKING STEPS?

The final decision is up to you, but there are some problem-solving steps (Steps of Decision-Making) that may help you along the way:

1. Identify the problem.
2. Clarify and define the problem.
3. Identify alternative solutions. (Brainstorm these. Don't evaluate yet.)
4. Collect information on the alternative strategies. Define the values and prioritize the values.
5. Evaluate the advantages and disadvantages of the alternatives.
6. Choose a best alternative. This may not be the perfect solution, but at least it seems to be the best.
7. Decide how to implement the alternative and take action.
8. Decide how to evaluate the results. How will you know when you have reached your goal?

Let's take an example through all the steps.

Step 1. Should Sue quit her job and go into business for herself?

Step 2. Should she quit her job and open an antique shop in her home?

Step 3. Identify alternative solutions which are:

- a. Keep the job
- b. Open the antique shop

Step 4. Alternative strategies include:

- a. keep job
- b. quit job and open antique shop
- c. keep job and begin shop as a sideline
- d. keep job and buy and sell antiques to other dealers

Sue wants to evaluate her job as compared to opening the antique shop.

Step 5. Define her values. (see next page)

Step 6. Prioritize her values (see next page): List the values in order of importance on a scale from one to ten, giving the highest value a Priority Weight of ten.

Evaluate the alternatives. Alternatives are either positive (+) or negative (-). Multiply Priority Weight by alternative score (- = 0 and + = 1).

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<u>Priority Weight</u>		<u>Keep Job</u>	<u>Open Antique Shop</u>
10	Earn \$20,000/yr.	0	+ 10
4	Medical Insurance Paid	+ 4	0
2	Remain Debt Free	+ 2	0
8	Flexible Time Schedule	0	+ 8
3	Technical Information	+ 3	0
9	Family Support and Involvement	0	+ 9
		<hr/>	<hr/>
		9	27

As can be seen from the matrix, Sue would choose to go into the antique business and quit her job. This decision is reached based only on those values listed.

How do values enter into the decision to become an entrepreneur? Prioritizing the most important alternatives (Step 6) was completed by considering and comparing a set of values. The values listed are still rather vague. They should be defined in greater detail, so the entrepreneur would be better able to set goals and develop a plan.

Once a decision is made, plans to implement the action should be developed (Step 7). Here are some "keys" to developing a successful plan.

1. Determine what is to be done and why.
2. Eliminate vagueness.
3. Provide a guide.



4. Establish objectives toward which performance can be directed.
5. Allow for frequent evaluation.
6. Identify priorities.
7. Provide continuity.
8. Avoid waste of time, money, etc.
9. Ensure sufficient use of resources.

There is still one step to complete--Step 8, decide how to evaluate the results. How will you know when you have reached your goal? In this example, opening the antique business would complete the goal. But, to continue to be a successful entrepreneur you will need to evaluate your business regularly.

## PREPARATION/ADAPTATION ACTIVITIES

Are you able to relate the abilities, characteristics, and attitudes of successful entrepreneurs included in this unit to your own business aspirations? Are you now totally knowledgeable about the characteristics and abilities of entrepreneurs? The following activities should help you check your knowledge.

### ASSESSMENT ONE

How great is your need for achievement? Answer these questions.

YES

NO

- |     |     |  |
|-----|-----|--|
| ___ | ___ | 1. Do you like to take personal responsibility for getting jobs done?          |
| ___ | ___ | 2. Do you prefer games of skill to games of chance?                            |
| ___ | ___ | 3. Do you like to take moderate risks rather than very high or very low risks? |
| ___ | ___ | 4. Do you like to know how you have done?                                      |
| ___ | ___ | 5. Do you tend to persist in the face of difficulties?                         |
| ___ | ___ | 6. Do you tend to be active, restless?   |
| ___ | ___ | 7. Do you like to take the initiative?   |
| ___ | ___ | 8. Are you always slightly discontented?                                       |
| ___ | ___ | 9. Are you willing to try more than one approach to solving a problem?         |

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YES

NO

\_\_\_

\_\_\_

10. Do you select work partners who are experts rather than friends?

\_\_\_

\_\_\_

11. Do you see your present activities as important to your future growth?

More "yes" than "no" responses to the questions might indicate that, like other entrepreneurs, you are a person motivated by a high need for achievement.

ASSESSMENT TWO

1. Answer the questions below. Do they describe you?

YES

NO

\_\_\_

\_\_\_

A. Do you constantly make wagers?

\_\_\_

\_\_\_

B. Do you constantly take chances?

\_\_\_

\_\_\_

C. Do all your thoughts and fantasies center around that big win?

\_\_\_

\_\_\_

D. Do you keep on trying even when you are usually losing?

\_\_\_

\_\_\_

E. Can you stop once you win?

\_\_\_

\_\_\_

F. Are you tempted to risk everything on one last try?

\_\_\_

\_\_\_

G. Do you love the thrill of gambling?

More "no" than "yes" answers indicate that you are not a gambler, but possibly a moderate risk taker.

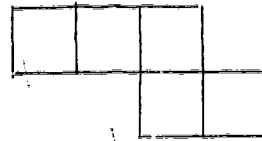
2. This activity should be done in a group of two or more.

What is your risk-taking rating? Obtain a set of three rings six inches in diameter (metal, plastic, or rubber), and 1½ foot peg about one inch in diameter. Set the peg in or on firm ground and measure off fifty feet from the peg, drawing lines one foot apart. Give each person in the group three chances to toss the rings on the peg selecting his or her own distances. For each person, record the distance and success or failure of each throw. Introduce monetary rewards in the next round. Use your own rates of reward and record the success/failures and distances of each throw. A couple of suggestions are: person pays if he or she misses a toss; person pays twenty-five cents a toss and gets fifty cents a bet.

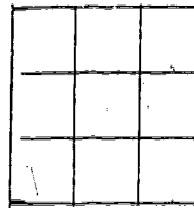
Discuss briefly the distance and success/failure rates, the feelings involved, the level of risk taken, and reasons for deciding distances, etc. Discuss what effect the monetary rewards system has on the risk-taking pattern. Who took too much and who took too little risk? What were their scores at the different distances? How did those who took "average" distances perform? How did their chances of success differ from those who tossed from longer or shorter distances? How did things change with the introduction of the monetary rewards?

ASSESSMENT THREE

1. The following tests will help measure your creative ability.  
Imagine the lines forming the five squares as sixteen match sticks or toothpicks. By moving only two sticks, it is possible to make four squares. The two sticks should not be taken away nor placed over the others. See the following page for solution A.



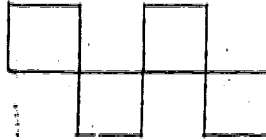
Want to try another one? The twenty-four toothpicks shown in the drawing are placed so they form nine squares. Can you remove four toothpicks so that only five squares remain? See following page for solution B.



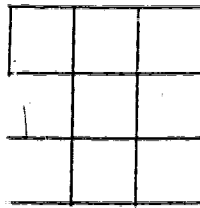
2. How important is it for an entrepreneur to be creative?  
Do you consider yourself creative? If you do, explain why. If you don't, how do you plan to develop creative ability?

SOLUTIONS (to Question 1):

A.



B.



ASSESSMENT FOUR

Use the Steps of Decision-Making to analyze the following problem. Especially concentrate on Step 7 in formulating a successful plan for marketing the Smoke Trapper. Do you think Jeannette Orel could have prevented her business from getting into the situation described on the next page?

*This is the story of a woman who has spent the past four years perfecting a smokeless ashtray. The moral is that it isn't easy being an inventor these days.*

*Jeannette Orel didn't really understand that when she started out. She just wanted to do something about air pollution and figured a smokeless ashtray could be her contribution.*

*Convinced that the public was ready for such a product, she also was hoping to make some money off her idea. But there were a couple things she didn't count on.*

*One was that it's not as easy to invent a smokeless ashtray as she had thought. The other was that she might run into competition.*

*Because Ms. Orel hung in there when the going got tough, smokers and non-smokers now have the Original Smoke Trapper Smokeless Ashtray. It sells for \$19.95.*

*The free enterprise system works its wonders in predictable ways, however. One large company specializing in home gadgets, Ronco, introduced a similar contraption last year, selling for about half the price of the Orel device.*

*But that was just the beginning of competition. Last month, tennis star, Billie Jean King, announced plans to market another smokeless ashtray designed by her husband called the Clean Air King and there may be others on the way.*

*All that, of course, might be seen as just another blessing for the American consumer. But it's upsetting for Ms. Orel, whose business is faced with competition from more financially powerful and famous rivals.*

*"I'm not saying I was the first to ever think of a smokeless ashtray," she says, "But I've been selling mine for three years. Now these other people come along. Wouldn't you be scared?" (The Los Angeles Times, November 6, 1977, p. 18) Reprinted from The Los Angeles Times.*

ASSESSMENT FIVE

The following activities might provide insight into your motives for and the realities of becoming an entrepreneur:

1. Contact two entrepreneurs who operate small businesses that interests you. Make arrangements to interview them to determine their reasons for starting the small business. Develop a set of definitive questions for the interviews, such as, "Did you open your own business to be independent?" If a cassette tape recorder is available, use it. Be sure to ask the interviewees if they object to your recording the discussion. Compare your findings in a short paper (no more than two pages). You might want to develop a chart of your findings, for example:

Why I Want to Be an Entrepreneur	Name and Type of Business: Businessperson #1	Name and Type of Business: Businessperson #2
1. Independence		
2.		
3.		



2. Make arrangements to meet with an attorney in your community to discuss the federal regulations pertaining to patents and copyright laws. Develop a set of questions to guide your discussion. Include in your list these two questions:
  - a. When should an "innovation" be patented?
  - b. Whom are patent and copyright laws designed to protect and from what?
3. Assess your own interests in terms of becoming an entrepreneur. What type of business might you open in light of what you now know about yourself and what you like and don't like to do? Develop a profile of yourself. What are your personal assets and liabilities?

#### POSTASSESSMENT

1. Describe two advantages and two disadvantages of a career as an entrepreneur.
2. How much influence do your personal values have on business decisions? Discuss in detail.
3. Describe in detail the steps (procedures) to be followed in making decisions.
4. Describe two abilities successful entrepreneurs possess.
5. Discuss two personal characteristics that most studies have found in successful entrepreneurs.

Compare your answers to your responses to the preassessment.  
You may want to check your postassessment answers with your  
instructor.

### SELF-EVALUATION

How well did you know the information needed to do the  
activities?

☐ Very well

☐ Fairly well

☐ A little

Be honest with yourself. If you feel you don't know  
the material well enough, it might be helpful to review this  
section before going on.

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### FILMS

#### EXPOSURE LEVEL:

"Success Story," Bread and Butterflies Consortium. Agency for  
Instructional Television, Box A. Bloomington, Indiana 47401.

The personal experience story of a man who now owns a leather  
shop where he makes and sells his own work. Describes his previous  
work experience, and how he came to start his own business.

PREPARATION/ADAPTATION LEVEL:

"New Entrepreneur--Careers for Now Series, " ACI Films, Inc.  
35 West 45th Street, New York, New York 10036. Available  
for preview for a thirty-day period of time, or available  
to rent at Kent State University, Audio-Visual Services,  
221 Education Building, Kent, Ohio 44240.

Story of a young black woman who, with three women partners,  
runs an organization which provides transportation and services to  
travelers and business visitors. Describes how she applied pre-  
vious experience to organizing the business, how she "started  
small," and how she went about obtaining a loan from the SBA.

# **PACE**

## **A Program for Acquiring Competence in Entrepreneurship**

### **Instructor's Guide**

#### **Part I**

**Getting Ready To Become  
An Entrepreneur**

#### **Unit B**

**Are You An Entrepreneur?**



### **USING THE INSTRUCTOR'S GUIDE**

The Instructor's Guide contains the following:

- Teaching/Learning Objectives (identical to the Teaching/Learning Objectives found in the PACE unit)
- Teaching/Learning Delivery Suggestions
- Pre/postassessment Suggested Responses

This information is geared towards the three levels of learning, and is designed for use as a supplemental teaching aid. Additional instructions for using PACE, sources of information, and an annotated glossary can be found in the PACE Resource Guide.

## PRE/POSTASSESSMENT SUGGESTED RESPONSES

### EXPOSURE

1. Expect responses such as: "I want to manage my life and make decisions on my own." "Working for someone else limits my earning power." "I plan to work hard for myself and earn more." "I have the ability to manage and I want to use it." "I have developed a new product or service and I want to market it."
2. Risks are inherent in business ventures because of the high failure rate of businesses. Once the business is launched, risks involving decision-making are present in daily activities.
3. Entrepreneurs should be able to combine old and new ideas to create a product or service that is marketable, and can generate profits.
4. Look for discussions of the following: organizing ability, problem-solving ability, decision-making ability, human relations ability, communication ability.
5. Look for the following responses: independence, prestige, flexibility. Disadvantages cited may be economic insecurity, especially at the beginning, and additional unpaid time spent working at the business and away from the family.

### EXPLORATION

1. Advantages to being an employee include economic security, regular hours, paid overtime, and fringe benefits. Disadvantages include advances in salary limited, can be replaced at employer's will or laid off, subject to mandatory job transfers and retirement.
2. Advantages to being self-employed include opportunity to make more money, independence, status, and vocational enjoyment. Disadvantages include erratic lifestyle, risks, responsibility, and disruption of family life.

3. Values as well as facts are involved in decision-making. Steps in the decision-making process: (a) identify the problem; (b) define, clarify the problem; (c) identify alternative solutions; (d) collect information on alternative strategies; (e) evaluate alternatives; (f) choose an alternative; (g) plan implementation, take action; and (h) evaluate results.
4. Look for these responses; aggressive, competitive, goal-oriented, confident, optimistic, determined, willing to take risk, intuitive, and mentally hyperactive.
5. Respondents should discuss need for achievement, need for independence, and willingness to take risks.

#### PREPARATION/ADAPTATION

1. Advantages to being an entrepreneur include: opportunity to make more money, independence, status, and vocational enjoyment. Disadvantages include: erratic lifestyle, risks, responsibility, and disruption of family life.
2. Discussions should describe effect of personal values on steps of decision-making process, especially identifying, evaluating, and choosing alternatives.
3. The decision-making procedure includes these steps: (a) identify the problem; (b) clarify, define problem; (c) identify alternative solutions; (d) collect information on alternatives; (e) evaluate alternatives; (f) choose best alternative; (g) implement alternative; (h) evaluate results.
4. Look for responses that describe organizing, problem-solving, decision-making, human relations, communications, technical knowledge, and creativity.
5. Most studies have shown entrepreneurs exhibit these characteristics; willingness to take moderate risks, need for achievement, confidence, independence, and willingness to make important decisions.



		TEACHING/LEARNING OBJECTIVES	TEACHING/LEARNING DELIVERY SUGGESTIONS
		Upon completion of this level of instruction you should be able to:	A variety of different teaching/learning methodologies have been used. To help you organize your work and plan the use of this level these suggestions are made:
LEVELS OF LEARNING	Exposure	<ol style="list-style-type: none"> <li>1. Identify reasons (motives) for starting your own business.</li> <li>2. Identify characteristics and abilities of successful entrepreneurs including creativity and decision-making.</li> <li>3. Describe risk-taking as it pertains to starting a new business.</li> <li>4. Describe the importance of creativity as it pertains to entrepreneurship.</li> </ol>	<p>Make arrangements for someone from the Small Business Administration, local Chamber of Commerce, or an entrepreneur in your area to meet with the group to discuss small business opportunities in the community.</p>
	Exploration	<ol style="list-style-type: none"> <li>1. Identify the advantages and disadvantages of being an employee vs. being self-employed and an employer.</li> <li>2. Identify some of the personality characteristics of successful entrepreneurs.</li> <li>3. Explain the skills involved in creativity, problem-solving, and decision-making.</li> </ol>	<p>Attempt to locate someone in your area who has invented a product, and arrange for this person to discuss the invention with the group.</p>
	Preparation/Adaptation	<ol style="list-style-type: none"> <li>1. Describe the advantages and disadvantages of entrepreneurship.</li> <li>2. Identify personality characteristics of successful entrepreneurs including high need for achievement and moderate risk-taking.</li> <li>3. Describe abilities of successful entrepreneurs including creativity and problem-solving/decision-making.</li> <li>4. Describe how your personal values influence decision-making.</li> </ol>	<ol style="list-style-type: none"> <li>1. Obtain an indoor horseshoe game or an indoor ring toss game for the second activity under Assessment Two.</li> <li>2. Plan a field trip to a business or industry in your area involved in innovating new products, services, techniques, etc.</li> </ol>

The PACE series consists of these parts and units.

PART I: GETTING READY TO BECOME AN ENTREPRENEUR

- Unit A: Nature of Small Business
- Unit B: Are You an Entrepreneur?
- Unit C: How to Succeed and How to Fail

PART II: BECOMING AN ENTREPRENEUR

- Unit A: Developing the Business Plan
- Unit B: Where to Locate the Business
- Unit C: Legal Issues and Small Business
- Unit D: Government Regulations and Small Business
- Unit E: Choosing the Type of Ownership
- Unit F: How to Finance the Business
- Unit G: Resources for Managerial Assistance

PART III: BEING AN ENTREPRENEUR

- Unit A: Managing the Business
- Unit B: Financial Management
- Unit C: Keeping the Business Records
- Unit D: Marketing Management
- Unit E: Successful Selling
- Unit F: Managing Human Resources
- Unit G: Community Relations
- Unit H: Business Protection

RESOURCE GUIDE